

AREA CODE 505
983-1228

BCO, Inc.
OIL WELL OPERATOR
135 GRANT
SANTA FE, N. M. 87501
May 3, 1988

Pco Exhibit NO. 6
Case 9396

Oil Conservation Division
1000 Rio Brazos Road
Aztec, N.M. 87401

ATTENTION: Frank Chavez

RE: State J-1
Sec 16 T23N R7W

Dear Frank:

I appreciated the time and assistance you gave me on the telephone when I called to discuss the high gas ratio and high gas production of the State J-1.

The production of the well since it was completed in October is summarized below.

	<u>Gallup</u>		<u>MCF</u>	<u>Days</u>
	<u>Oil (Bbls)</u>	<u>Gas (MCF)</u>	<u>Overproduced</u>	<u>Overproduced</u>
March 1988	188	15040	8406	39
February 1988	177	11291	5085	24
January 1988	189	11666	5032	24
December 1987	208	8599	1965	9
November 1987	243	9875	3455	16
October 1987	191	4700	1062	5
(17 days)				
				117 or 25038 MCF

	<u>Graneros</u>		<u>Under MCF</u>	<u>Under Days</u>
	<u>Oil (Bbls)</u>	<u>Gas (MCF)</u>	<u>Overproduced</u>	<u>Overproduced</u>
March 1988	94	7520	1284	5
February 1988	89	5678	2558	9
January 1988	95	5863	2941	10
December 1987	104	4304	4500	16
November 1987	122	4961	3559	13
October 1987	94	2311	2517	9
				62 or 17608 MCF

Frank - our lawyer discovered this typo!

~~8500~~
7500

Liz

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5/11/88

Mr. Frank Chavez
May 3, 1988
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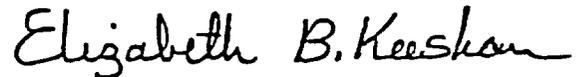
My father continues to believe that the oil and gas ratio between the Gallup and Graneros are very close to the same and that underproduction reported for Graneros has resulted in corresponding overproduction in Gallup. This, of course, would take substantial testing to establish, as we discussed.

We have choked the well back from 22/64 to 18/64. We can detect only a minimal reduction in the amount of gas we are selling.

After evaluating the magnitude of the overproduction of the Gallup and the minimal result we obtained by choking the well back, we have decided to follow your alternative suggestion of requesting a hearing to be allowed to dedicate an additional 40 acres to the well.

We will continue to reduce production from the well. We will also promptly request a hearing to be allowed to dedicate an additional 40 acres to the well.

Very truly yours,



Elizabeth B. Keeshan
Vice President

EBK:jr-j
cc: Jerry Wertheim
Jones, Snead, Wertheim,
Rodriguez & Wentworth
P.O. Box 2228
Santa Fe, N.M. 87504-2228